



OFFICE OF THE CLERK/TREASURER

City of Burlington

City Hall, Room 20, 149 Church Street, Burlington, VT 05401

Voice (802) 865-7000

Fax (802) 865-7014

TTY (802) 865-7142

**BOARD OF FINANCE
MONDAY, FEBRUARY 19, 2013
CONFERENCE ROOM 12, CITY HALL
5:00 PM**

PRESENT: Mayor Weinberger; City Council President Shannon; Councilors Bushor and Paul; Interim CAO Sisson

ALSO PRESENT: Rubi Simon, Library; Seth Lasker, Bruce Bourgeois, Fire; Lise Veronneau, Police/Fire; City Attorney Blackwood; ACAO Schrader; Ron Redmond, Marketplace

ABSENT: Councilor Decelles

1. Agenda

Mayor Weinberger removed item 5 from the agenda. He added item 11. Update on Fiscal Stability Bond.

On a motion by City Council President Shannon and Councilor Bushor, the agenda was adopted unanimously as amended.

2. Public Forum

No one came forward to speak.

3. Authorization to Accept ECHO Grant – Library

and

4. Authorization to Accept IBM Grant – Library

City Attorney Blackwood noted that the resolutions for items 3 and 4 have been revised.

The Board addressed items to allow the Library to accept a \$4,000 grant from ECHO and a \$3,000 grant from IBM.

Councilor Bushor and City Council President Shannon made a motion to accept the grants. The motion passed unanimously.

Mayor Weinberger stated there have been discussions about how to address grants. Currently, any grant has to come before Board of Finance and City Council before it is accepted. However, departments are allowed to spend money below a certain amount without this action. It would be worth discussing whether this policy makes sense. He suggested adding it to a future agenda.

Councilor Bushor stated she is not concerned about accepting grants, but does want to know about the budget adjustments. There have been times in the past that there was a large budget adjustment resolution at the end of the fiscal year. Now, the adjustments are made in a more timely manner.

City Attorney Blackwood stated because the Board of Finance has to approve acceptance of grants, departments wait until they have received the grant. If department heads could accept the grant early on, they could come forward with budget amendments before the grant has come through. It would be cleaner.

Councilor Bushor stated someone would need to review the grants to ensure the stipulations along with the grant are ones that the City can accept.

Lise Veronneau, Police/Fire, stated that the timeline can be tight when going through this process. There are often dates by which the money must be spent. Bruce Bourgeois, Fire, stated there are times that they use grant money to send people to classes. Sometimes there are only a few weeks of notice before the classes are held.

5. Authorization to Accept VT Arts Council Grant – Library

This item was removed from the agenda.

6. Authorization to Enter into Consulting Agreement – BT

Interim CAO Sisson stated this is a contract for consulting services for Gary Evans, the former CEO of Hiawatha Broadband. Hiawatha Broadband has provided consulting services for BT in the past. This proposal is for \$7,000 per month and \$3,000 of expenses for a six-month period. There are some clauses the City Attorney would like to amend.

City Council President Shannon inquired if he will be receiving benefits. Interim CAO Sisson stated he will be a consultant and not an employee of the City.

City Attorney Blackwood stated she would appreciate if they could approve it with the condition that there can be revisions from her office.

Councilor Bushor noted some discrepancies in the agreement. She also requested that this be brought before the full Council because it is BT related.

City Attorney Blackwood stated she plans to add language to make this more clear. There will also be a requirement for a Worker's Comp and Certificate of Insurance. It will be important to make sure they are meeting all of the Department of Labor standards to ensure there are no questions. She also wants to ensure they could terminate the contract for financial reasons.

Interim CAO Sisson stated they are seeking approval to hire him and allow the City Attorney's Office to make necessary amendments. Any further amendments would require Board of Finance

approval.

Councilors Paul and Bushor made a motion to approve the contract with condition that it is not retroactive. The motion passed unanimously.

7. Authorization to Accept Grant and Amend Budget – FIRE

The Board addressed an item to allow the Fire Department to accept a \$16,700 grant from the State of Vermont.

City Council President Shannon and Councilor Bushor made a motion to accept the grant and recommend City Council approval. The motion passed unanimously.

8. Authorization to Amend Budget - POLICE

Lise Veronneau, Police, stated they have increased their salaries and wages line to account for attrition, which is usually recorded as a credit in the budget. This is the mechanism that they have used in the past to account for it. They come to the Board of Finance at the end of each year to make the adjustment.

Councilor Bushor stated if they have vacant positions those hours have to be filled. She inquired if they ultimately save money when there is a vacancy of a senior person and a lower level person filled the hours through overtime. Ms. Veronneau stated that the Police Department returns the \$281,000 for attrition rather than using it. ACAO Schrader stated they are spending the money, they are just not spending it through wages and salaries as it was budgeted. Ms. Veronneau stated there was a reduction in the budget that did happen. This is part of the budget as it was adopted. Interim CAO Sisson stated he thought that attrition was included because they always have vacancies. They budget salaries and wages based on not having vacancies. They then have the vacancies and incur overtime as a result. The attrition offsets the cost of the overtime rather than having a fulltime staff person. There is no giveback to the general fund. The numbers viewed altogether can be thought of as total payroll cost for Police. Councilor Bushor inquired if there is a cost saving when they budget for ten people but do not hire two people. She inquired if not filling positions results in a surplus after the overtime is paid. ACAO Schrader stated that could be true. There also could be savings in other areas, such as benefits, worker's comp, and retirement. They would not show in this area. They are moving the unspent salaries and wages to overtime.

City Council President Shannon inquired if there is something else that would be more accurate to describe this than attrition. Interim CAO Sisson stated that salaries and wages are being spent on overtime. City Council President Shannon inquired if it would be more accurate to call it unspent salaries and wages. Interim CAO Sisson stated that the way the system works it will not recognize a negative expense. That is why it is handled in this way.

City Council President Shannon and Councilor Paul made a motion to approve the budget amendment and recommend City Council approval. The motion passed unanimously.

9. Authorization for Inter-fund Loan to Church Street Marketplace - CSM

The Board addressed items 10 and 11 before returning to item 9.

Mayor Weinberger stated they are hoping to add an executive session item related to this to the City Council agenda, as it involves a personnel matter.

City Council President Shannon stated this will be a loan from the General Fund. She inquired where the money would come from. Interim CAO Sisson stated this is taken from pooled cash and put in the Marketplace budget. City Council President Shannon stated that money has already been spent and they anticipate revenue in the next fiscal year. She inquired how that is accounted for in the budget. Interim CAO Sisson stated they will use pooled cash to make the \$12,000 loan. The City's Capital budget has been adjusted to include the items that will be charged to it. There are cost overruns from the Church Street Marketplace Lighting Project. They have reviewed the nature of the items to see if they would qualify as capital expenses. The ones that are eligible will use the capital budget. They will push something from the capital budget to next year. For the part that was Marketplace only, the only option is to loan them money from the General Fund. It comes out of cash and puts it into an asset called interfund receivable. The Marketplace will list it as a liability. They are not pushing an FY13 expense into FY14. The general fund is loaning the Marketplace cash to pay for these items.

Mayor Weinberger stated they became aware of this situation after the money was spent. There is a requirement in the Charter that when there is a situation where money is expended without authority, the administration must present this to the City Council and recommend an action. That is a likely addition to the Council agenda. They have worked hard to address this issue in the best possible way. The Marketplace Office has worked to raise additional funds. The remaining \$12,000 is the amount that they do not feel can be paid for in any other way. The Marketplace will repay the loan in the next year.

Councilor Bushor stated Departments often overspend their budget. She inquired how this is different. In many cases, authorization to overspend is sought before the money is spent, which is different. She would like this to be made clear to the full Council. The fact that the money is spent in one fiscal year and paid back in another is consistent with other things the City does.

Councilor Paul inquired about the repayment schedule. Ron Redmond, Marketplace, stated they will budget to pay this off as soon as possible in FY14. Councilor Paul inquired if they will increase revenues or reduce expenses. Mr. Redmond stated they will probably do some of both. They have some plans in mind to address this. Councilor Paul stated there is a story behind this that she would like to hear. Mayor Weinberger stated the administration does not feel it is okay to spend money in this manner. The additional problem is that there is a Charter prohibition on use of general fund dollars to pay for capital items for the Marketplace. This cannot just be addressed with a budget adjustment. The City Attorney's Office advised coming forward and presenting this to the Council.

Mayor Weinberger stated the loan can be approved solely by the Board of Finance. Because of the unauthorized expenditure of funds, a presentation to the City Council is required. City

Attorney Blackwood stated because the budget is being amended, the City Council will need to weigh in.

City Council President Shannon and Councilor Bushor made a motion to approve the loan and recommend City Council approval. The motion passed unanimously.

10. Preliminary Budget Schedule – C/T

Mayor Weinberger stated the CAO's Office has developed a proposed budget schedule based on last year's process. There were a number of full City Council Worksessions. Interim CAO Sisson stated there he has proposed two more Worksessions than last year. However they are more spaced out and start earlier in the year. It may be possible to reduce the number by two if it seems there are too many.

City Council President Shannon inquired if the Charter says the Board of Finance is responsible for reviewing the budget. They need to reflect that the full Council has been invited to the meetings. She suggested referring to them as Board of Finance/City Council Worksessions. It would be good to reduce the schedule to 8 and reserve two extra dates in case more discussion is needed.

Councilor Bushor inquired how they envision the format. It may be advantageous to have two, half hour Worksessions for Councilors to raise concerns along the way, rather than waiting until the end. The Board of Finance is responsible for the budget, but the City is better served by having everyone understand it. They spent a lot of time going through the Public Works budget last year. Expanding that to the full Council may not allow as much to get done in each meeting.

City Council President Shannon stated they used this format last year and it worked fine. Board of Finance members were more engaged with the budget. City Councilors were invited, some came to all of the meetings. Others came to ones they were interested in or concerned about. That was not cumbersome and they got through everything. This is the formula to avoid the eruption at the end. The Council was not engaged until it was formally presented to them at the end. This allows concerns to be addressed along the way.

Councilor Bushor stated everyone was invited to Worksessions, but attendance was sparse. She suggested having more formal Worksessions halfway through the cycle. People are more likely to come to the formal Worksessions before Council meetings than a series of meetings. They could present the highlights at these Worksessions.

Mayor Weinberger stated they will build in room for departments that may need to come back for further discussion.

City Council President Shannon suggested presenting this to the Council and modifying it as needed. Interim CAO Sisson stated that was part of his goal. City Council President Shannon stated they can make suggestions about the format they would like.

11. Update on Fiscal Stability Bond

Interim CAO Sisson stated he has started receiving responses to the RFP. Once the responses are in, they will evaluate the proposals and put forth a recommendation to the Board of Finance at the March 11 meeting.

Without objection, Mayor Weinberger adjourned the Board of Finance meeting at 6:00 pm.